

\$500,000,000 TO BUILD NEW SUBWAYS WAS OFFER OF STANDARD OIL CO.

(Continued from First Page.)

everything. All the security they asked was the lien they would be entitled to on the property they created.

The first legislation proposed by the Thompson committee as a consequence of its labors will be presented to the Legislature next Monday. It will be a bill recommending that the building of the new subways be taken out of control of the Public Service Commission and be vested in a board made up of the Borough Presidents and the Mayor and Comptroller. The committee also seeks to have the Mayor and Comptroller made directors of the Interborough.

William R. Willcox, ex-Chairman of the Public Service Commission, was sworn in as a witness. Counsel Moss turned to Chief Counsel James L. Quackenbush of the Interborough

and asked him if the Interborough was on friendly terms with Mayor Gaynor at the time the dual contracts were being negotiated. Mr. Quackenbush smiled and said he thought they were. Then Mr. Moss read a letter Mr. Quackenbush wrote to "Hon. William J. Gaynor, Mayor of the City of New York and Emperor of Staten Island, its Dominion Beyond the Sea." In it Mr. Quackenbush said the Interborough would carry passengers from One Hundred and Fifty-ninth Street to the Battery, ten miles, for 3 cents apiece, if the city would carry them to Staten Island, 5 miles, for 2 cents; but as for the Interborough carrying them for 2 1/2 cents, in the language of the day, Mr. Mayor "Quit your kidding!"

ASKED ABOUT HIS CONFERENCE WITH SHONTS.

Then Mr. Moss questioned Mr. Willcox about the conference with President Shonts of the Interborough at Mr. Willcox's home on March 22, 1910. Q. Who were present? A. Mr. Harkness and Mr. Cullen of the Public Service Commission.

At this conference they considered the letter of President Shonts of March 22, 1910, offering to build the new subways with the Interborough's own money, which would have saved the city \$165,000,000.

Mr. Moss read a letter from Mr. Willcox to Mayor Gaynor dated July 7, 1910.

Q. At the conference at your house Mr. Shonts was willing to stick to his proposition in the letter of March 22, 1910, to build the new subways with the Interborough's money? A. Yes. Yet I would not say that he endorsed every detail of the letter at that conference.

Mr. Willcox entered into a long explanation of the subway situation at the time, going back to the election of 1909, when the building of new lines with the city's money was discussed. During January and February Mr. Willcox had conferences with Mr. Shonts.

Q. He said "some of my directors?" A. Yes; some of them. Mr. Willcox gave the minor details of his conferences.

Q. (By Senator Thompson.) What did you tell him? A. The regular salary, \$15,000.

Q. I ask that to show the contrast in memory between a \$15,000 a year salary and a \$500,000,000 offer. You didn't get any extra award?

"None but what I received from the people of this city," announced Mr. Willcox, "the acknowledgment that I got for them the best contract New York ever had."

There was a spatter of handclapping at the back of the room. Senator Thompson remarked that hereafter applause would be reserved for field days and public hearings.

The Senate pressed the question: "What real benefit do the people of New York get from the dual contracts?" "Prior determinations!"

Q. (By Senator Thompson.) I have nothing to do with prior determinations. The city has secured great improvements in rapid transit, at a cost of only 1 per cent. more than it would have paid building its own lines, and a large part of the money used in building and equipping lines was furnished by private capital.

LONG DEBATE OVER ADVANTAGES OF CONTRACTS.

Senator Thompson and Mr. Moss and Mr. Willcox had a long debate on the advantages and disadvantages of the dual contracts.

Q. Who were the directors Mr. Shonts told you were opposed to the plan in his letter of March 22, 1910? A. I knew that Mr. Vanderbilt was on the Executive Committee.

Q. Did he name Mr. Freedman? A. He did not.

Q. Why didn't you ask him? A. I didn't care who was against the plan. What I wanted was an offer. Mr. Shonts was the only Interborough official I saw.

On July 6, 1910, Mr. Willcox said, Mr. Shonts came to him and said that at his request Mayor Gaynor had sent Mr. Ingersoll and Kingsley Martin to the Interborough to investigate, and that on the basis of his investigation he had prepared a new offer.

Q. What is the offer? A. I told Mr. Shonts that I did not think it was right, after we had conferred on the situation so long; and Mr. Shonts said he could not very well refuse the Mayor's request. He gave me a copy of his new offer.

In April, 1910, Mr. Willcox said, he and President Shonts called on Mayor Gaynor at City Hall.

"I told the Mayor," said Mr. Willcox, "that Mr. Shonts and I couldn't agree on terms."

Q. Did you ask the Mayor to act as arbitrator between you? A. I don't remember that—I have read that and I won't deny it; but I don't recall it.

Q. How long were you there with the Mayor? A. I don't recollect. It was a short interview.

Mr. Moss called Mr. Willcox's attention to an interview with him pub-

lished in newspapers calling Senator Thompson "an Ananias."

"I don't care," interrupted Senator Thompson. "He can say all he likes. I notice that the letters and telegrams sent people and me get into the newspapers two days before they reach me."

WILLCOX IS GRILLED ABOUT USE OF "ANANIAS."

Mr. Moss asked if the Ananias charge did not grow out of Senator Thompson's mistake of saying Willcox was under restraint by the Interborough Company, when he should really have said the Consolidated Gas Company.

"I don't know what was in the Senator's mind," snapped Mr. Willcox angrily.

Q. But you were under restraint to the Consolidated Gas Company, were you not? A. Not until six or seven months after I left the Public Service Commission. I argued for that company in its issue of \$50,000,000 of bonds.

Q. And the Consolidated Gas Company was under your jurisdiction all the time you were in the Public Service Commission? A. Yes; oh, yes.

Q. (By Senator Thompson.) Aren't the Consolidated Gas Company and the New York Edison Company connected? Aren't all the public service corporations connected? A. I believe there is some connection. I don't know how close it is.

Mr. Moss warned Mr. Willcox. "Most of the people who are asking for explanations," he said, "are those who really ought to be making them. They attract the lightning."

Q. (By Senator Thompson.) What is there bad in saying you wanted to succeed Mr. Quackenbush? A. There's nothing bad about it. I wish I was drawing his salary.

Q. What is there bad in saying that you succeeded Mr. Quackenbush? A. Nothing that I know of.

"Mr. Quackenbush is doing a good work for the Interborough Company," said Mr. Moss, "for \$20,000 a year. He is trying cases in court every day."

After a recess had been taken Mr. Moss recalled Mr. Willcox to the witness chair.

"Did you ever hear," Mr. Moss asked, "about the proposition that Mr. Ellison testified about this morning—the proposition to build the new subways without the city furnishing the money?"

"I never heard of either the man or the money," Mr. Willcox replied.

TOOK ONLY FOUR DAYS TO APPROVE CONTRACT.

John L. O'Brien, the Acting Corporation Counsel who approved the above certificates and contracts, was sworn in as a witness. The documents were in the Corporation Counsel's office for four days.

Q. Who examined them? A. I did, for one. I presume Mr. Watson did and Mr. Sullivan.

Q. Was there a conference on the subject? A. My impression is that there was.

Q. Wasn't four days rather a short

time for consideration of so great a contract? A. I presume we may have had a draft of it before that. I presume we had approved an original form of contract and given it to the Public Service Commission, so the contract would be a copy of that. My present impression is that we handled it in the form of proofs—first proof, second and third proof.

Henry B. Seaman, Chief Engineer of the Public Service Commission from 1907 to 1910, was the first witness this afternoon before the Thompson Committee. He read the following statement:

"While I was out of town last week the newspapers published a statement purporting to come from William R. Willcox, formerly a Chairman of the Public Service Commission, as follows: 'Mr. Seaman could not get along with any bureau or department of the Commission.'"

"This statement is false and cowardly and is apparently inspired either by anger or by fear."

"It is false, because I had no trouble with any bureau or department of the Commission except in the effort that I should run my own department as its chief. This would have been accorded and insisted upon by any chairman of competent executive ability."

"It is cowardly because for the first six months to which he refers I did the work of four busy men. I was refused help which I had requested, and received only commendation from the Commission for the work which I was doing."

"He was evidently inspired by fear because a condition had confronted the Commissioners which had made them very anxious."

"The 'bete noir' of the Commission at that time was an accumulation of established facts. It has been conceded that after excessive payments on extras, a Commissioner suggested that the Chief Engineer make a further 'compromise' of \$200,000 in ex-

cess of his estimate of value—an estimate based up on the contract already in force. It has been conceded that after the engineer had made a bland report of compliance but had failed to recommend its adoption, the 'Commissioner' asked if there were 'two profits' in the 'compromise' and was told that there certainly were. It has been conceded that the Chief Engineer had 'put them in a hole.'"

"It is further established that a subway was designed with pipe galleries, at an estimated cost of about \$116,000,000, and that in revising the plans and eliminating pipe galleries the committee, composed of members of the Commission, had produced a subway with 30 per cent. less capacity and at the same time had increased the cost from \$116,000,000 to \$119,000,000. It is also established that when the Commission recognized its failure at revision, it endeavored to foist this failure upon the Chief Engineer, and suggested that he stultify himself by a false recommendation for adoption of the plans."

Leroy T. Harkness, assistant counsel to the commission, was recalled.

Q. Did you ever meet Mr. Pollock, who was referred to by Mr. Ellison this morning? A. Yes, he was brought to me by Mr. Farnum, Secretary to Mr. Willcox.

The witness said Mr. Pollock had come to see him about financing subways.

"I regarded him as a Col. Mulberry Sellers," Mr. Harkness said in smiling comment. "It was a great scheme but there was nothing behind it."

"Did you hear that the man called on Mr. McAneny?" asked Mr. Moss.

"No," replied Mr. Harkness, "I next heard that he was arrested by the police for some irregularities in the mail."

Q. Did Mr. Pollock say who was behind him? A. He said that Henry Davidson told him he could have all the money he wanted.

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